WEALTH MARKETS AND COMMERCE

U. S. Treasury Finances

Washington, Dec. 16.—The condition of the United States Treasury at the close of business to-day was: Net balance in general fund, $120,169,336; total ordinary receipts, $2,369,196; total ordinary payments, $2,798,389. The deficit this fiscal year is $113,762,797, against a deficit of $52,185,380 last year, exclusive of Panama Canal and public debt transactions.

Finance - Economics

WALL STREET OFFICE: Mills Building, 15 Broad St. Telephone: Hanover 6514

Saturday, December 16, 1916

Just as the subject of American railroad credit begins definitely to be recognized as a national problem—the problem being how to save the investor's faith in American railway investments—the thing itself is unexpectedly put to a violent test and stands it very well. The faith is great. Confidence in the quoted values of securities was deeply shaken last week. Enormous liquidation occurred on the Stock Exchange. Out of the confusion a striking fact gradually emerged. Railroad stocks were strong. They were not for sale at any sacrifice. Several actually advanced. The week's net price changes, gain or loss from the close of the week before, are shown below for fourteen representative railroad stocks and sixteen representative industrial and mining stocks:

14 Railroad Stocks

	Net change from previous week.
Atchison	
Baltimore & Ohio	— 3/4
Chesapeake & Ohio	— 1/4
Chicago, Rock Island & Pacific	+ 7/8
Erie	+ 1/4
Missouri, Kansas & Texas	+ 2
New York Central	— 3/8
N. Y., New Haven & Hartford	— 2 5/8
Norfolk & Western	— 3/4
Pennsylvania	— 1/2
Reading	— 1/4
Southern Railway	+ 5 3/8
St. Paul	— 1/8
Union Pacific	+ 1 3/8

16 Industrial & Mining Stocks

	Net change from previous week.
American Can	—10 1/8
American Smelting & Refining	— 5
Anaconda	— 9 3/8
Bethlehem Steel	—66 1/2
Central Leather	—13
Crucible Steel	—16 1/2
Cuba Cane Sugar	—10 3/8
International Mer. Marine	—10 1/4
do preferred	—13 1/2
International Paper	—19
Republic Iron & Steel	— 6 3/4
Sloss-Sheffield	—15 1/4
U. S. Industrial Alcohol	—29 1/4
U. S. Rubber	— 1 3/8
U. S. Steel	—12 5/8
Utah Copper	—10

The contrast is striking. The individual changes in the railroad group are unimportant. The average price of the fourteen issues slightly advanced. The losses in the the industrial and mining group are very severe. The average loss in this group of sixteen stocks was 15½ points.

Certain obvious reservations require to be stated. It will be said, in the first place, that the comparison is unfair, because, as everybody knows, there had been much more speculation of a rash and imaginative character in industrial than in railroad stocks, and that last week's commotion on the Stock Exchange mainly represented an overturn of a top-heavy speculative account in the industrial list. That is true, but the implication is rather apologetic than conclusive. Speculation runs to industrial stocks because their profits are so volatile. They rise fast and fall fast. But if railroad profits cannot rise as fast as industrial profits, neither can they fall in so precipitate a manner. That is what everybody remembers when misgivings possess the mind and industrial stocks begin to slump.

It will be said, in the second place, that industrial stocks, especially those in which the great declines took place, had been gaining much more than the railroads in the war trade. That also is true, but in a relative sense. The railroads have participated in the profits of the war trade, as their earnings prove, and they would suffer a shrinkage in earnings if the aggregate of trade should decline by reason of a termination of the war. But, again, there is the compensation. As railroad earnings have been less inflated by the war trade, so they would be less deflated by the stoppage of it. It will be said, in the third place, that banks in Wall Street and elsewhere discriminated against industrial stocks as loan collateral, so that it was much harder to borrow money on them than on railroad stocks. So it is and was, not because lenders are unreasonable or prejudiced, but because the American transportation industry is the most stable thing there is; wherefore, railroad stocks are the best collateral you can get.

You cannot imagine a railroad unable in 1915 to pay a dividend on its common stock and showing in 1916 earnings of 80 to 100 per cent. That is a moderate description of what has happened to a number of industrial companies. It is extremely exciting and attracts speculation, but such ecstasy has its price. It was easier last week to borrow money in Wall Street up to 80 per cent of its value on a railroad stock earning 10 per cent and paying 5 per cent in dividends, than on an industrial stock up to 50 per cent of its market value that might be earning 100 per cent and paying 25. Several months ago banks that lend money on Stock Exchange collateral began to bear down on industrial stocks, requiring larger margins and higher rates of interest than on railroad stocks. That was one thing that caused money to become unexpectedly scarce. Brokers had plenty of collateral and the banks had plenty of funds, but the brokers' collateral consisted very largely of industrial stocks on which bankers were increasingly disinclined to lend freely. One of the largest Wall Street banks for many weeks had loaned money on industrial collateral on what it called "an overnight peace basis," which meant that it would lend only 40 or 50 per cent of the market value of a war stock, though it was still willing to lend up to 80 per cent of the market value of a railroad stock. The explanation of this so-called discrimination is simple. It goes back to the primary question of railroad credit. The banker has more confidence in railroad securities than in any other kind. He shows it on these occasions. So does the investor; so do the speculators.

There are those who maintain that railroad credit needs to be saved from utter prostration. They prove it statistically. There are those who say, on the opposite hand, that railroad credit was never so good as now is the case. And they can prove it statistically. The disagreement is in the angle of view. The railroad people are looking to the future. The others are thinking of the present. Both are right. Perhaps never before was railroad credit morally and actually higher than at the present time. Yet, the problems of the future are going to be very troublesome. The investor, in any case, is well protected. If regulation fails, the alternative is government ownership, and that is something that concerns the investor less than the public. The investor would be bought out. The public would have to pay. In the meantime, enough intelligence has been developed by friction of ideas and prejudice to guarantee not only the solvency of the American railroad system so long as it remains in private hands, but a reasonable margin of profit. The government is committed to the proposition that to keep rates at a level to yield fair returns on the capital invested, with a surplus over for improvements, is a matter of public policy.

Relevant Information

United States Steel.—Trading in United States Steel common stock last week was about the heaviest on record. Total dealings exceeded 2,500,000 shares. In other words, the equivalent of more than half of the outstanding 5,083,000 shares of common of the corporation were turned over on the Stock Exchange in five and a half days. Steel's price fluctuations ranged from a high of 125⅝, made on Monday, to a low of 109⅛, made on Friday, and a closing yesterday of 114⅛. The net loss from the preceding week was 12⅝, representing a shrinkage in the market value of the stock of more than $60,000,000. The low price of 109⅛ compared with a high record of 129¾, made in November. The low this year was 79¾. Last year Steel sold as high as 89½ and as low as 38. Steel sold at 8⅜ in 1904. The following table shows how Steel was traded in last week:

	Shares.	High.	Low.
Monday	196,400	125⅝	123¼
Tuesday	549,100	123	116¾
Wednesday	572,000	120¼	118
Thursday	594,900	120⅜	112¾
Friday	630,000	114	109⅛
Saturday	184,000	114⅝	113

Bethlehem Steel.—The difference between the high and low of Bethlehem Steel common last week was 101 points. It closed 66½ points off, at 575, after selling down to 525. Bethlehem's earnings are still enormous. It is estimated that in October and November earnings approximated $100 a share. Dow, Jones & Co. said yesterday of the company's position:

The big shell order to Bethlehem Steel is now finished, and as usual with Bethlehem a month ahead of time. But Bethlehem Steel has still $50,000,000 of war orders on its books and $150,000,000 of domestic business, a total of $200,000,000. Earnings this year are figured by the official at about $70,000,000, which should be reduced by war taxes, etc., to about $58,000,000, or not far from $400 a share on the nearly $15,000,000 common stock. It is expected that earnings next year will be between $40,000,000 and $50,000,000. The capacity of Bethlehem Steel, including its Pennsylvania Steel subsidiary, is now 3,500,000 tons per annum, or nearly one-quarter of the capacity of the United States Steel Corporation. Mr. Schwab contemplates some conferences between Christmas and New Year with the minority stockholders as to the dividend policy. Some of the directors want the present dividend doubled to $60, but the minority stockholders still insist that it is foolishness to permit such a small number as 150,000 shares to represent the division of $150,000,000 in property having a manufacturing capacity one-quarter that of the Steel Corporation, with its more than a billion of debt and preferred stock and 5,080,000 shares of common.

Union Pacific.—This was one of the strongest of the railway stocks yesterday, advancing 2 points to 146½ on dealings of 10,000 shares. On the week's dealings Union gained 1⅜ points. Its low for the period was 142½. This compares with a high for the year of 153⅝ made last month, and a low of 129¾ made in April. Union Pacific is earning nearly 17 per cent on the $222,291,000 of common stock at the present and paying 8 per cent in dividends. Net earnings in the fiscal year ended June 30 last were at an annual rate of 15.65 per cent on the common. The last annual report showed that the Union Pacific Company owned $49,135,557 of stocks and bonds representing investments in affiliated companies and $192,175,531 in securities of other companies, a total of $241,311,088. Income from these investments amounted to $10,860,875 and the average yield on all investments was 4½ per cent. Last year the income from investments was about 28 per cent of the net income available for dividends, so that a large part of Union's dividends are earned independently of transportation operations. For example, last year the income from investments was sufficient to pay the 4 per cent preferred dividends amounting to $3,981,740, after which there remained $6,879,135 for common stock dividends.

White Fuel

A correspondent of "The Engineering and Mining Journal" asks an explanation of why hydro-electric power is relatively so much cheaper in some foreign countries than in the United States, pointing out that in the United States there is scarcely any hydro-electric power available at less than $20 per horsepower per year, while in Scandinavia there are large developments from which power is supplied at $7.50 per horsepower per year and even less. In answer the periodical says in part: "The chief determinative factor, which creates the difference between water power at $7.50 and $27.50, is overhead charges; that is, principally plant cost in the first place. Norway and Sweden are not the only countries that enjoy very cheap hydro-electric power. There are other countries that possess similar conditions, namely, large volumes of water at high head available close to seaports."

"It seems but a few years ago," said Frank W. Frueauff, vice-president of the Cities Service Company, "that so far as the public was concerned, electricity was of little use but for illumination and the propulsion of trolley cars. At the present date the power business has left the lighting phase far behind.

"In many American cities and towns the growth of electrical power has outdistanced the local population. One town that I have in mind whose population has increased 10 per cent has seen the power load of its central station expand 50 per cent. Big manufacturing enterprises have all they can do to concentrate on the production of their particular products, and electricity is the genii that they now call to their aid."

The Ontario government has received assurance from the Dominion government that Canadian power companies which are exporting power to the United States must give the Ontario Hydro-Electric all the electricity it requires or cease exportation. This means that the Dominion authorities will regulate the export of power from time to time, as recommended by the Ontario government, and if necessary ban will be placed on export until such time as company complies with Hydro demands.

The "Journal du Four Electrique et de l'Electrolyse," one of the French periodicals that suspended publication at the outbreak of the war, but resumed in August, 1916, calls attention to the fact that the war has given a great impetus to the use of the electric steel furnace and has witnessed the installation of a hundred or more of them, carrying the number in the world to above 300, whereas in 1913 there were hardly half that number. France has lost some that it already possessed, so that it cannot show an increase, but the United States is credited with constructing fifty last year and England with putting in thirty since the war began, while Germany, without new installations, produced 130,000 metric tons of electric steel in 1915, against 90,000 in 1914. Italy also is making additions. It may be presumed, although the writer does not so state, that the German increase comes in part from captured French furnaces.

The possibility of producing pig iron in New Zealand on a large scale is being thoroughly studied by the authorities as well as by private interests, according to a report from Consul General Alfred A. Winslow, at Auckland. It is proposed to use electricity for this purpose instead of coal. There is an ample supply of iron ore in various forms, and plenty of water power that may be developed easily to supply electricity at an exceedingly low figure. The report of the chief engineer of the New Zealand government states that matters are being well organized with the idea of entering upon this industry on short notice as soon as plans are completed.

Money and Credit

Federal Reserve Banks

Washington, December 16.

Gains of nearly $25,000,000 in net bank deposits and of more than $10,000,000 in reserves by Federal Reserve banks during the last week are indicated by the board's weekly statement, made public to-day. The statement shows the banks' condition December 15 as follows:

RESOURCES

In money:	
Gold coin and certificates in vault	$256,418,000
Gold settlement fund	177,341,000
Gold redemption fund with United States Treasurer	1,543,000
Total gold reserve	435,302,000
Legal tender notes, silver, etc.	7,907,000
Total reserve	443,209,000
Five per cent redemption fund against Federal Reserve banknotes	420,000
In bills discounted—Maturities:	
Within 10 days	$23,817,000
From 11 to 30 days	51,307,000
From 31 to 60 days	52,118,000
From 61 to 90 days	32,342,000
Over 90 days	1,082,000
Total	$160,666,000
Investments:	
United States bonds	$42,648,000
One year United States Treasury notes	11,167,000
Municipal warrants	11,195,000
Total earning assets	225,676,000
Federal Reserve notes, net	19,504,000
Due from Federal Reserve banks, net	47,586,000
All other resources	4,656,000
Total resources	$741,051,000

LIABILITIES

Capital paid in	$55,731,000
Government deposits	28,762,000
Member bank deposits—net	643,136,000
Federal Reserve notes—net	12,606,000
Federal Reserve bank notes in circulation	
All other liabilities	816,000
Total liabilities	$741,051,000

Gold reserve against net deposits and note liabilities, 68.3 per cent.

Cash reserve against net deposit and note liabilities, 69.6 per cent.

Cash reserve against net deposit liabilities after setting aside 40 per cent gold reserve against aggregate net liabilities on Federal Reserve notes in circulation, 70.2 per cent.

In the above statement the principal items compare with a year ago as follows:

Total gold reserve	Inc.	$100,415,000
Bills discounted	Inc.	107,970,000
Member bank deposits	Inc.	245,257,000
Net liability for notes	Dec.	1,855,000

New York Federal Reserve

New York, December 16.

The condition of the Federal Reserve Bank of New York at the close of business Friday, compared with the previous week, follows:

RESOURCES

	Dec. 15.	Dec. 8.
Gold reserve	$151,876,062	$148,678,120
Legal tender money	4,792,073	1,302,205
Total reserve	$156,668,136	$149,980,325
Discounts	51,750,333	51,327,656
Investments	4,279,932	4,926,531
Federal Res've notes (net)	11,310,710	10,463,620
All other resources	143,911	———
Total res'ces	$224,153,024	$216,698,133

LIABILITIES

	Dec. 15.	Dec. 8.
Capital	$11,913,900	$11,913,750
Reserve deposits (net)	207,300,834	194,526,977
Governm'nt deposits	3,716,509	4,725,116
Due to other Federal Res. banks (net)	1,221,780	5,517,358
All other liabilities	———	14,930
Total liabil's	$224,153,024	$216,698,133
F. R. notes outstanding	$98,875,115	$94,763,915
Secured as follows:		
Gold deposited with Fed. R. agent	98,875,115	94,763,915

Clearing House Statement.—The actual condition of the New York Clearing House banks on Saturday was as follows:

Loans and discounts	$3,342,471,000
Reserve in own vaults	427,164,000
Reserve in Fed Res. Bank	179,659,000
Reserve elsewhere	55,044,000
Net demand deposits	3,294,346,000
Net time deposits	171,324,000
Circulation	28,852,000
Aggregate reserve	661,867,000
Excess reserve	94,447,320

Changes from the actual condition of the week before were:

Loans and discounts	Inc.	$11,972,000
Net demand deposits	Inc.	45,928,000
Net time deposits	Dec.	276,000
Circulation	Inc.	65,000
Aggregate reserve	Inc.	28,702,000
Excess reserve	Inc.	20,656,480

The statement disclosed further improvement in the condition of the Clearing House institutions. The surplus reserve was increased $20,000,000, bringing the item to $94,447,000. Two weeks ago the surplus over legal reserve requirements stood at $41,000,000.

An increase of $12,000,000 in loans was something of a surprise, in view of the heavy stock market liquidation during the week. Syndicate operations were apparently on a scale large enough to offset the contraction of Stock Exchange loans.

Bank Exchanges.—The day's clearings at New York and other cities:

	Exchanges.	Balances.
New York	$799,876,000	$41,945,570
Baltimore	8,684,315	1,479,459
Boston	44,468,827	4,710,519
Philadelphia	55,164,461	9,670,862

Sub-Treasury. — New York banks gained from the Sub-Treasury, $11,768,000.

Silver.—Bars in London, 36 13-16 pence; New York, 76¼ cents; Mexican dollars, 59½ cents.

The Dollar in Foreign Exchange

Germany's move for peace brought a sharp upturn in the foreign exchange market last week. Fluctuations in the rates of foreign money were the broadest in many months. The greatest improvement occurred in the Teutonic exchanges.

German marks, which touched a low record value of 65¾ cents for four on Monday, before the news of Germany's peace proposals came out, rose steadily, touching 75 cents on Friday, an advance of 9¼ cents. They closed at 71, still 5¼ points above the low record. Austrian kronen, after declining early in the week to a low record of 10.95 cents, moved up to 13.40 cents and closed at 12.65 cents.

Russian rubles, whose normal intrinsic value is 51.2 cents, were selling at 29.20 before the peace discussions began. Immediately afterward they rose briskly and touched 31.40 cents, falling back later to close the week at 29.90. Buying of German and Russian exchange came largely from speculative quarters.

Conditions in the sterling exchange market were not greatly affected by the peace news. Rates for bills on London continued to be maintained arbitrarily, and fluctuations were confined to the smallest fractions. The rate for sight drafts on London touched $4.75¾ in the middle of the week, an advance of ¼, but closed practically unchanged at $4.75½. French exchange improved slightly on the week. Money of some of the neutral countries moved up quite sharply, particularly Swiss francs, which were quoted as high as 4.98 to the dollar, compared with a rate of 5.20 a month ago. Swiss closed at 5.03. The Argentine peso, normally worth 96.48 cents, went to $1.02.

If you calculate the cost of the dollar in terms of foreign money—that is, as if you were buying dollars with pounds, marks or francs—its value at the close of last week, as compared with a year ago, would be about as follows:

	Cost of one dollar. Yesterday.	Year ago.
In English money	$1.02	$1.03
In French money	1.12	1.13
In Dutch money	.97	.96
In German money	1.32	1.21
In Swiss money	.95	1.02
In Swedish money	.95	.97
In Russian money	1.71	1.62
In Italian money	1.30	1.25
In Austrian money	1.59	1.45
In Argentine money	.98	—

German exchange rates tended to decline yesterday and marks went to 71 for four, compared with a high of 75 on Friday. Vienna kronen were also lower. Yesterday's closing rates, compared with a week ago, follow:

	Yesterday.	Week ago.
Sterling, demand	4.75½	4.75½
Sterling, sixty days	4.71½	4.71½
Sterling, cables	4.76 7/16	4.76 7/16
Sterling, ninety days	4.69½	4.69¼
Francs, demand	5.84⅜	5.85
Francs, cables	5.83⅜	5.84
Guilders, checks	40¾	40¾
Guilders, cables	40⅞	40⅞
Reichsmarks, checks	71	66⅜
Reichsmarks, cables	71¼	66½
Lire, checks	6.81	6.85
Lire, cables	6.80	6.84¼
Swiss, checks	5.04	5.11
Swiss, cables	5.03	5.10
Austrian, kronen, ch'ks	12.65	11.17
Stockholm, kr., ch'ks	28.90	28.90
Copenhagen, kr., ch'ks	27.05	27.10
Pesetas, checks	20.75	21.25
Pesos (Argentina)	98	1.00
Rubles, checks	29.90	29.35

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange value.	Intrinsic value.
Pounds, sterling	$4.75½	$4.86⅝
Francs	0.17.1	0.19.3
Guilders	0.40¾	0.40.2
Marks	0.17.8	0.23.8
Rubles	0.29.90	0.51.2
Lire, checks	0.14.7	0.19.3
Crowns (Denmark)	0.27.05	0.26.8
Crowns (Sweden)	0.28.90	0.26.8
Pesos (Argentina)	1.02	0.96.4

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for $4.75½; the intrinsic parity is $4.86⅝ per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Machine Tools in Japan

Japan has taken up the manufacture of machine tools seriously only within the last ten years or so, and, according to "Alfred Herbert's Monthly Review," little progress was made until about four years ago, when the government decided that it was time to encourage domestic manufactures, with the object of checking the flow of specie abroad and of rendering the markets less dependent on foreign supplies. The war has had a great effect on the development of the industry, and as an example of what has been done large works, containing roughly 1,000 engine lathes, 300 capstan lathes and 150 drilling machines, were recently completed within three months of the first orders being given out, over 90 per cent of the machines being made in Japan. In regard to methods of manufacture, jigs and fixtures are not used to any great extent, and as most of the works will accept any order that comes their way within their capacity there is little opportunity for specialization.

The area sown to wheat this season in New South Wales, Australia, is officially estimated at 4,524,000 acres, against 5,171,864 last year, or a decrease of 12½ per cent.

35,000 SHARES OF U. S. STEEL FOR EMPLOYES

Stock Will Be Offered Under Profit Sharing Plan, "Below the Market"

Employes of the United States Steel Corporation will be privileged during the month of January to subscribe for 35,000 shares of stock at a price somewhat below the market. This is pursuant to a profit sharing plan invented in 1903 by George W. Perkins. The following statement was issued yesterday by Elbert H. Gary, chairman:

The United States Steel Corporation will, in accordance with the plan in force during the last thirteen years, offer to employes the opportunity to subscribe, during the month of January, for 35,000 shares of stock at a price somewhat below the market, and also will distribute the usual special compensation. The total amount of the latter has not yet been definitely determined, but it will be calculated on the basis heretofore fixed. A part will be paid in cash and the balance in preferred stock in the same proportions and on the same terms as last year. It is hoped distributions will be made to the smaller salaried men about Christmas and to the ohtres about New Year's. Also many of the men in offices, particularly those not receiving special compensation above referred to, will receive increases in salaries to take effect January 1.

As a rough estimate, it may be stated that the three wage increases made February 1, May 1 and December 15, respectively, the increases in salaries from time to time, and the special compensation will aggregate for the year about $32,000,000.

The statement does not tell whether the 35,000 shares of stock will consist of common or preferred or both. These details will be disclosed later. When the stock subscription plan was started only preferred stock was offered to the employes. Several years later, when the common had become better seasoned, it was offered. Last January common stock alone was offered and the subscription price was $85 a share. Nearly 30,000 employes subscribed and the total of their subscriptions was 49,742 shares. This year's offering appears to be limited to 35,000 shares. Steel common closed on the Stock Exchange yesterday at 114⅛.

Only once in thirteen years has the offering of stock to employes been omitted. That was in 1915, and it was owing, as Mr. Gary said, to "unsettled conditions." The common stock was then unable to pay dividends. In 1914 common stock was offered at $57 and preferred at $105 per share, and 46,498 employes subscribed. The aggregate of their subscriptions was 43,000 shares of common and 47,680 shares of the preferred.

Trading with China

Services of the Middleman Who Knows Native Language and Customs Are Usually Required

An American commercial traveller who for three years has represented in China an important watch manufacturing company and its subsidiaries has been acting under instructions to deal as far as possible direct with Chinese retail merchants, but is pessimistic regarding the prospects of such direct trade.

This salesman, according to John R. Arnold, in charge of the United States commercial attaché's office at Peking, had an experience of some years in commercial life in the Philippines, prior to going to China, and seems to be in a position to speak with some authority on the subject.

He emphasizes as obstacles several facts—the desire of Chinese merchants to select from stock rather than to buy from catalogue or sample, the readiness of customers to refuse shipments on trivial excuses if the market has turned against them in the interval and the difficulty in enforcing payment against Chinese customers. He admits that the tendency is toward such direct dealings, but does not believe they are to be encouraged in the immediate future.

Mr. Arnold states that:

In weighing the value of this criticism some account must be taken both of the possibility that this particular agent did not meet Chinese conditions effectively, and of the fact that while the demand for his line is undoubtedly increasing among all classes of Chinese at all able to afford such luxuries, it cannot in the nature of things be extremely extensive in this country. When all due weight has been given to these considerations, however, probably force enough still remains in what he says to make it worth while to call his representations to the attention of those who perhaps may be inclined to adopt with a little too much zeal the suggestions that have been published recently regarding the necessity of foreign merchants and the representatives of foreign manufacturers in China getting closer to their customers, and learning to do without the time-honored assistance of the comprador.

The possibility of eliminating the Chinese middleman was discussed by Mr. Arnold in a previous communication to the Department of Commerce, as follows:

Persons conversant with business practices in China appreciate the important position he occupies in foreign business. The number of foreigners who possess a knowledge of the Chinese language and who understand the intricacies of Chinese trading methods and internal trade conditions is very small, and as long as this condition continues to exist, the Chinese middlemen will remain an indispensable factor.

Even some of the largest foreign concerns, like the British-American Tobacco Company and the Standard Oil Company, which have their own organizations in the field, have not been able, it is said, to do without the services of the middleman in China owing to native credit difficulties and trade methods.

News Digest

Foreign

London Stock Market Cheerful.—London, Dec. 16.—Money was in fair demand to-day. Discounts were quiet. The stock market was more cheerful than for some time past on the war news. Most sections record gains. Consols were 1 per cent higher and the war loans showed a hardening tendency.

Home rails were a feature, running more than a point higher, and other prices for the most part moved upward in sympathy. Shipping shares, city service securities and American Marconi stocks made the best showing in the industrial section. Dealings, however, were only moderate.

American securities were in good demand at the low prices. The United States Steel stocks were the firmest.

Money, 4¾ per cent. Discount rates, short and three-month bills, 5½@5⅝ per cent. Gold premiums at Lisbon, 75.00.

Paris Market Firm.—Paris, Dec. 16.—Prices were firm on the Bourse to-day. Three per cent rentes, 60 francs 35 centimes, ex coupon. Exchange on London, 27 francs 81½ centimes. Five per cent loan, 88 francs 15 centimes.

New York

Cuban plantations will turn out a record tonnage of sugar this year according to the estimate of H. A. Himely, cabled to the Federal Sugar Refining Company. This authority places the 1916-'17 yield at 3,466,000 tons, as against 3,006,000 for 1915-'16 and 2,582,845 in 1914-'15.

He states further that, while generally the weather on the island has been favorable, only sixteen centrals are now at work, as against twenty-four on December 11 and fifty-five on December 18, last year. The grinding of cane in a good many of the centrals, he says, will be retarded owing to the delay in the arrival of machinery from the United States and to the completion of various plant improvements.

Other Cities

Drygoods Market.—Chicago, Dec. 16.—Marshall Field & Co., in their weekly review of the drygoods trade, say that wholesale drygoods distribution for the current week is maintaining the large volume of the last few weeks, and is running considerably ahead of the corresponding period of a year ago. Road orders for both immediate and future delivery show good gains over the same week in 1915.

Boston Coppers.—Boston, Dec. 16.—An upward movement succeeded declines in copper shares prices in the local market to-day. Quotations were marked up from fractions to 2 points and in specialties to 6 points, but yielded somewhat on a slight reaction. Copper Range, 68¾; Old Dominion, 68; Osceola, 90¾.

Dividends

Sharon Steel Hoop.—Regular quarterly dividend of 1½ per cent and an extra dividend of 10 per cent, both payable January 1.

National Steel Car.—Regular quarterly dividend of 1¾ per cent on the preferred stock, payable January 15 to stock of record December 30.

National Properties.—Semi-annual dividend of 3 per cent on the common stock, payable December 30 to stock of record December 20. This is an increase of 1 per cent over the last dividend, which was also the initial payment. Regular semi-annual preferred dividend of 3 per cent is payable January 15 to stock of record January 15.

National Carbon.—Regular quarterly dividend of 2 per cent and an extra of 2 per cent on the common stock, both payable January 15 to stock of record January 5.

Union Twist Drill.—Cash dividend of $6 a share and a stock dividend of 25 per cent on the common stock; also, regular quarterly dividend of $1.50 a share on the preferred stock. Cash dividend on both issues is payable January 2 to stock of record December 20. Common stock dividend is payable January 2 to stock of record December 21.

Youngstown & Ohio River Railroad.—Initial dividend of 1 per cent on the common stock and 1 per cent extra; also, regular quarterly dividend of 1¼ per cent on the preferred stock, all payable December 31.

Standard Gas Light.—Dividend of 1½ per cent on the common stock and regular semi-annual dividend of 3 per cent on the preferred stock, payable December 30 to stock of record December 19.

Lake Torpedo Boat.—Dividend of 35 cents a share on the preferred stock, payable December 30 to stock of record December 21.

Keystone Tire & Rubber.—Quarterly dividend of 3 per cent on the common stock and a quarterly dividend of 2 per cent and one-third of 1 per cent extra on the preferred stock.

Michigan State Telephone.—Regular quarterly dividend of $1.50 a share on the preferred stock, payable December 30 to stock of record December 26.

Ohio State Telephone.—Regular quarterly dividend of $1.75 a share on the preferred stock, payable January 1 to stock of record December 20.

Hudson Trust.—Semi-annual dividend of 3½ per cent, an increase of one-half of 1 per cent, payable January 2 to stock of record December 20.

Corporation Returns

Toledo, Peoria & Western.—Report for the year ended June 30, 1916, compares as follows:

	1916.	1915.
Gross	$1,218,132	$1,175,251
Expenses and taxes	1,120,587	1,208,476
Net	97,545	*33,225
Total income	255,173	58,387
Charges	291,098	288,454
Deficit	$35,925	$230,067

*Deficit.